

Message Text

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TO SECSTATE WASHDC 1615

C O N F I D E N T I A L SECTION 1 OF 4 USNATO 2503

E.O. 11652: GDS

TAGS: PFOR, NATO, XM

SUBJECT: REPORT BY EXPERT GROUP ONLATIN AMERICA

FOLLOWING IS TEXT OF REPORT ON THE SITUATION IN LATIN AMERICA
PREPARED BY THE NATO EXPERT GROUP WHICH MET IN BRUSSELS APRIL 22-24,
1975. THE REPORT HAS NOT YET BEEN SCHEDULED FOR CONSIDERATION
BY THE NAC.

BEGIN TEXT:

THE SITUATION IN LATIN AMERICA

REPORT BY THE GROUP OF EXPERTS

1. FOREIGN POLICY CONCERNS ARE A MAJOR PREOCCUPATION OF
MANY OF THE COUNTRIES OF LATIN AMERICA, AS THE REGION TRIES TO
FIND NEW FOOTINGS IN AN INCREASINGLY DIVERSE AND PLURALISTIC
WORLD. ON THE WHOLE, HOWEVER, THE REGION'S ACTIVITIES DURING
THE LAST SIX MONTHS HAVE NOT REVEALED REGIONWIDE CONSENSUS
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ON ISSUES SUCH AS RELATIONS WITH CUBA, EFFORTS AT NEW REGIONAL
ORGANIZATIONS, OR THE REGION'S RELATIONSHIPS TO THE US AND
EUROPE. THE REGION SEEMS TO SIDE IN INTERNATIONAL FORA WITH
THE THIRD WORLD PARTICULARLY ON ECONOMIC ISSUES IN

CONTRAST OFTEN TO A PRAGMATIC APPROACH IN BILATERAL RELATIONS. IT APPEARS LIKELY THAT THIS INDECISIVENESS WILL CONTINUE, PARTLY BECAUSE OF THE WORLD ECONOMIC RECESSION WHICH HAS DIMINISHED THE INTEREST OF MANY MAJOR TRADING AND INVESTING COUNTRIES IN THE AREA AND PARTLY BECAUSE OF REGIONAL RIVALRIES AND DIVERSITIES IN POINTS OF VIEW PARTICULARLY AMONG THE LARGER AND WEALTHIER LATIN AMERICAN COUNTRIES.

PART I: INTER- AMERICAN RELATIONS

2. THE LATIN AMERICANS HAVE CONTINUED WORK DURING THE PAST SIX MONTHS ON A SERIES OF PROPOSED AMENDMENTS AND CHANGES IN THE OAS CHARTER AND THE RIO TREATY. THEY SEEM INTENT ON PRESERVING THE INTER-AMERICAN SYSTEM WHICH PROVIDES THEM WITH A DIVERSE AND FORMALIZED MEANS OF ACCESS TO THE UNITED STATES. THE OAS GENERAL ASSEMBLY OPENING 8TH MAY WILL CONSIDER THE PROPOSED AMENDMENTS WHICH ARE GENERALLY CONSIDERED MODERATE AND HELPFUL. THE STABILIZING FORCE EXERTED UPON HEMISPHERIC RELATIONS BY RETENTION OF THE OAS AND ITS SUBSIDIARY ORGANIZATIONS, SOME OF WHICH HAVE SIGNIFICANT PRACTICAL VALUE, REMAINS, THEREFORE, AN ASSET TO THE NATO ALLIANCE.

3. THE STILL UNSETTLED QUESTION OF THE OAS SANCTIONS ON CUBA AND A FLURRY OF DISCONTENT EXPRESSED OVER THE US TRADE REFORM ACT OF 1974 OPERATED TO SLOW DOWN THE PACE OF HIGH LEVEL MEETINGS BETWEEN LATIN AMERICAN AND THE UNITED STATES. A FOREIGN MINISTERS MEETING PLANNED FOR MARCH IN BUENOS AIRES WAS CANCELLED. TENSIONS OVER THE TRADE ACT HAVE SINCE ABATED SOMEWHAT AS THE US ADMINISTRATION HAS SOUGHT LEGISLATIVE AMENDMENTS REMOVING RESTRICTIONS AFFECTING ECUADOR AND VENEZUELA.

4. THE UNEXPECTED CANCELLATION OF SECRETARY KISSINGER'S PLANNED TRIP TO ARGENTINA, BRAZIL AND VENEZUELA DURING THE WEEK OF 21ST APRIL FURTHER DELAYED RENEWAL OF DIRECT HIGH-LEVEL DISCUSSIONS. THE SECRETARY, HOWEVER, REMAINS INTERESTED IN MAKING AS EXTENSIVE A VISIT AS HE CAN TO LATIN AMERICA. MOREOVER, HE REITERATED IN HIS POLICY SPEECH ON LATIN AMERICA
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ON 1 ST MARCH THE COMMITMENT OF THE UNITED STATES TO WORK TOWARD IMPROVED UNDERSTANDING BETWEEN THE COUNTRIES OF THE HEMISPHERE. AT THE SAME TIME HE CAUTIONED THE LATIN AMERICAN AGAINST THE USE OF CONFRONTATION TACTICS WHICH ONLY RESULT IN OBSTRUCTING COOPERATION WITH THE US AND OTHER INDUSTRIALIZED NATIONS ON WHICH THEIR OWN ECONOMIC AND SOCIAL PROGRESS ULTIMATELY DEPENDS.

5. ONE OF THE SIGNIFICANT ISSUES TO BE CONSIDERED BY THE OAS ASSEMBLY IN MAY WILL BE LIFTING THE 1964 SANCTIONS IMPOSED ON CUBA UNDER THE RIO TREATY. A FIRST ATTEMPT WAS MADE AT QUITO IN NOVEMBER 1974 ON THE INITIATIVE OF COLOMBIA, COSTA RICA AND VENEZUELA BUT THE TWO THIRDS MAJORITY REQUIRED UNDER THE TREATY FAILED TO MATERIALIZE. IT IS EXPECTED THAT A

NEW PROCEDURAL MEASURE MAY BE ADOPTED IN ORDER TO REMOVE THIS IRRITANT- BY SIMPLE MAJORITY VOTE- FOR THE INTER- AMERICAN SYSTEM WITHOUT ANY ILLUSIONS HOWEVER THAT AS A RESULT CUBA WOULD FEEL BETTER DISPOSED TOWARD THE SYSTEM AS SUCH.

6. THE UNITED STATES, WHICH INCURRED CIRITICISM AT QUITO FOR ITS NEUTRAL STAND, SPELT OUT ITS HANDS OFF ATTITUDE ON THE SUBJECT OF SECRETARY KISSINGERS ABOVE MENTIONED SPEECH. HIS STATEMENT THAT, IF THE OAS SANCTIONS ARE EVENTUALLY REPEALED, THE UNITED STATES WOULD CONSIDER CHANGES IN ITS BILATERAL RELATIONS WITH CUBA AND ITS REGULATIONS WAS WIDELY REGARDED AS HELPING TO DEFUSE THE ISSUE. HE ADDED THE PROVISIO, HOWEVER, THAT THE IMPROVEMENT IN BILATERAL RELATIONS WOULD BE HEAVILY INFLUENCED BY THE EXTERNAL POLICIES OF THE CUBAN GOVERNMENT.

7. THE DRAFT NEW CONSTITUTION OF CUBA RESERVES THE RIGHT TO GIVE ASSISTANCE TO " LIBERATION MOVEMENTS" AND THERE IS EVIDENCE THAT SUCH ASSISTANCE IS STILL BEING GIVEN TO GROUPS IN LATIN AMERICA ON A SELECTIVE BASIS. HOWEVER, OFFICIAL RELATIONS WITH MORE COUNTIES IN THE AREA ARE BEING REESTABLISHED AND THE TOTAL CUBAN CONTRIBUTION TO SUBVERSION MAY CONTINUE TO DIMINISH IN FAVOUR OF PEACEFUL PENETRATION.

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TO SECSTATE WASHDC 1616

C O N F I D E N T I A L SECTION 2 OF 4 USNATO 2503

8. CANADA WHICH, FOR SEVERAL YEARS NOW, HAS BEEN ENGAGED IN MORE SYSTEMATIC EXCHANGES WITH LATIN AMERICA, HAS SEEN ITS EFFORTS WELL RECEIVED BY COUNTRIES BENT ON DIVERSIFYING THEIR BILATERAL RELATIONS. ALTHOUGH A MEMBER OF MANY INTER-AMERICAN ORGANIZATIONS ICLUDING THE IADB, CANADA HAS CHOSEN

TO REMAIN SO FAR AN OBSERVER TO THE OAS. IT IS PAYING CLOSE ATTENTION TO THE CURRENT RE-EVALUATION OF THE ORGANIZATION AND ITS POSSIBLE EMERGENCE AS A FORUM FOR CONSIDERING HEMISPHERIC QUESTIONS WITH GLOBAL IMPLICATIONS.

9. THE IDEA OF A NEW ORGANIZATION WHICH WOULD BE KNOWN AS SELA (LATIN AMERICAN ECONOMIC SYSTEM) WAS RECENTLY LAUNCHED BY MEXICO AND VENEZUELA. IT WOULD SERVE PRIMARILY AS A VEHICLE FOR THE ADOPTION BY THE LATIN AMERICAN COUNTRIES OF COMMON STRATEGIES FOR THE SOLUTION OF LATIN AMERICAS ECONOMIC PROBLEMS, PARTICULARLY THOSE RELATING TO THE PROTECTION OF COMMODITY PRICES. THIS NEW ORGANIZATION WOULD BE OPEN TO CUBA AND THE CARRIBBEAN COUNTRIES. IT WOULD PROBABLY BE SET UP AT A CONFERENCE OF HEADS OF STATE WHICH IT IS PLANNED TO HOLD IN CARACAS DURING THE SUMMER. IT IS AS YET TOO EARLY TO SAY WHETHER CONFIDENTIAL

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THIS ORGANIZATION WILL FIND FAVOUR WITH THE LATIN AMERICAN COMMUNITY AND WHETHER THE LATTER WILL REGARD IT AS AN INSTRUMENT FOR ACHIEVING GREATER COHESION. ITS CREATION COULD INFLUENCE THE FUTURE POLICY OF THE OAS EVEN THOUGH ITS SPONSORS HAVE STATED THAT IT WOULD NOT BE A RIVAL ORGANIZATION.

10. THE ANDEAN GROUP MARKED TIME DURING THE LAST YEAR WHICH BROUGHT TO THE FORE CERTAIN LIMITATIONS BASED ON DIFFERENCES IN THE MEMBER COUNTRIES POLITICAL SYSTEMS AND ECONOMIC STRUCTURES. IN PARTICULAR, THERE ARE DIFFERENT INTERPRETATIONS OF THE REGULATIONS CONCERNING THE TREATMENT OF FOREIGN CAPITAL ENTERING THE COUNTRIES. PERU AND VENEZUELA HAVE A MUCH STRICTER INTERPRETATION THAN COLOMBIA AND CHILE.

11. RELATIONS BETWEEN CHILE AND PERU REMAIN UNEASY; HOWEVER, MAJOR CHANGES IN TENSIONS AND IN THE MILITARY BALANCE WHICH IS IN FAVOUR OF PERU HAVE NOT OCCURRED DURING THE LAST SIX MONTHS. CHILEAN STATEMENT SUPPORTING THE POINT OF VIEW THAT BOLIVIA OUGHT TO HAVE SOME KIND OF ACCESS TO THE PACIFIC COAST MAY BE SEEN IN THE CONTEXT OF THIS CHILEAN-PERUVIAN CONFRONTATION.

12. CONCERNING THE PANAMA CANAL, NEGOTIATIONS ARE CONTINUING BETWEEN THE UNITED STATES AND PANAMA, BUT IT IS TOO EARLY TO SAY WHEN AN AGREEMENT WILL BE REACHED AND WHAT ITS CONTENTS WILL BE. BILATERAL RELATIONS BETWEEN THE US GOVERNMENT AND THE GOVERNMENT OF PANAMA REMAIN GOOD ALTHOUGH THE CANAL PROBLEM GIVES RISE TO EXPRESSIONS OF NATIONALISM AND DECLARATIONS OF LATIN AMERICAN SOLIDARITY.

PART II: COUNTRY STUDIES

CHILE

13. THE MILITARY JUNTA REMAINS IN FIRM CONTROL. GENERAL PINOCHET WAS APPOINTED PRESIDENT LAST DECEMBER TO

COMPLY WITH CUSTOMARY USAGE AND WITH A VIEW TO RESTORING SOME MEASURE OF INSTITUTIONAL NORMALITY. AS PART OF THIS GENERAL APPROACH, MORE CIVILIAN MINISTERS, SELECTED PURLY ON THE GROUNDS OF THEIR TECHNICAL ABILITY, HAVE BEEN BROUGHT INTO THE GOVERNMENT DURING A RECENT RESHUFFLE OF PROTFOLIOS. THIS CHANGE IN THE COMPOSITION OF THE GOVERNMENT SHOULD NOT BE TAKEN AS CONFIDENTIAL

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INDICATIVE OF A CHANGE IN THE POLITICAL CONTROL WIELDED BY THE ARMED FORCES.

14. THE NEW GOVERNMENTS ACTIVITIES WILL MOREOVER BE GUIDED ESSENTIALLY BY ECONOMIC CONSIDERATIONS GIVEN THAT THE STRUCTUREAL REFORMS MADE IN THIS SPHERE HAVE NOT SO FAR BROUGHT ABOUT AN IMPROVEMENT IN THE SITUATION. INFLATION AND UNEMPLOYMENT REMAIN EXTREMELY HIGH AND THE DROP IN COPPER PRICES MEANS THAT THERE HAVE NOT BEEN THE RESOURCES WHICH WOULD HAVE MADE IT POSSIBLE TO BUTTRESS OR REFLATE CERTAIN SECTORS OF THE ECONOMY.

15. WHILE RELATIONS BETWEEN CHILE AND ITS CLOSER LATIN AMERICAN NEIGHBOURS HAVE BEEN BETTER ON THE WHOLE, RELATIONS WITH MOST OF THE ALLIED COUNTRIES REMAIN COOL AS A CONSEQUENCE OF THE GROWING PRESURE OF PUBLIC OPINION.

16. POPULAR FEELING IN THE ALLIED COUNTRIES IS RUNNING HIGH OVER THE REAL OR, IN SOME CASES, ASSUMED, DISREGARD FOR HUMAN RIGHTS IN CHILE. DESPITE THE EXPECTATION THAT REPRESSION WOULD BE LESS HARSH AFTER THE ELIMINATION LAST OCTOBER OF CERTAIN ACTIVE CENTRES OF OPPOSITION, THE DRIVE AGAINST THE OPPONENTS OF THE REGIME HAS CONTINUED, LESS SYSTEM-ATICALLY PERHAPS BUT AS FIERCELY AS EVER DESPITE THE ABSENCE OF ANY FORM OF ORGANIZED RESISTANCE. THE OFFICIAL JUSTIFICATION FOR THIS POLICY IS THE THREAT OF RENEWED SUBVERSION BUT THE REAL REASON WOULD SEEM TO BE PARTLY THE LACK OF ADEQUATE CONTROL OVER CERTAIN SECURITY SERVICES BY A MILITARY JUNTA WHICH IS PERHAPS ITSELF WRACKED BY IN - FIGHTING. THE JUNTA HAS SHOWN ITSELF INCAPABLE OF ESTABLISHING A POLITICAL PROGRAMME WHICH GOES BEYOND ITS INITIAL AIM OF ELIMINATING MARXIST INFLUENCES. THE PROLONGED ABSENCE OF DEMOCRATIC LIBERTIES AND, IN PARTICULAR, THE CONTINUING REPRESSION ARE A SOURCE OF GROWING CONCERN TO ALL THOSE WHO HAD HOPED, AFTER THE FALL OF THE ALLENDE GOVERNMENT, FOR A SPEEDY RETURN TO TRADITIONAL DEMOCRACY.

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TO SECSTATE WASHDC 1617

C O N F I D E N T I A L SECTION 3 OF 4 USNATO 2503

BRAZIL

17. THE LEGISLATIVE ELECTIONS ON 15TH NOVEMBER GAVE THE MDB OPPOSITION PARTY A SUBSTANTIAL INCREASE IN THE NUMBER OF SEATS IT HOLDS IN PARLIAMENT.

18. PRESIDENT GEISEL FOR HIS PART IS ATTEMPTING TO PURSUE POLICY OF "GRADUAL DECOMPRESSION" EVEN THOUGH CERTAIN SECTORS OF THE ARMY ARE NOT PREPARED TO FALL IN WITH THIS LINE. CONSTITUTIONAL ACT NO. 5, VESTING FULL POWERS IN THE HEAD OF THE STATE, REMAINS IN FORCE.

19. THE BRAZILIAN ECONOMY HAS BEEN AFFECTED BY THE FALLOUT FROM THE RECESSION AND HAS IN CONSEQUENCE SEEN A DROP IN ITS GROWTH RATE. NONETHELESS, BRAZIL WITH ITS ASSETS AND ITS POTENTIAL SEEMS BETTER FITTED THAN ITS NEIGHBOURS TO COPE WITH THE UNCERTAINTIES OF THE PRESENT ECONOMIC SITUATION.

VENEZUELA

20. VENEZUELA IS AN OIL RICH COUNTRY WHICH, HOWEVER, IN ITS PRESENT STATE OF DEVELOPMENT IS UNABLE FULLY TO UTILIZE ITS CONFIDENTIAL

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EARNINGS IMMEDIATELY FOR ITS OWN INTERNAL DEVELOPMENT. IT HAS THEREFORE SET ASIDE SOME OF ITS REVENUES IN AN INVESTMENT FUND THE RESOURCES OF WHICH ARE BEING USED TO HELP NEIGHBOURING COUNTRIES AND REGIONAL BANKS, AND TO CONTRIBUTE TO THE INTERNATIONAL FINANCIAL INSTITUTIONS.

21. VENEZUELA IS USING ITS FINANCIAL RESOURCES TO FUEL AN AMBITIOUS FOREIGN POLICY. ITS AIM IS TO ESTABLISH A STRONG POSITION FOR ITSELF IN THE ANDEAN GROUP, TO EXTEND ITS INFLUENCE IN CENTRAL AMERICA AND IN THE CARIBBEAN AND TO EMERGE AS ONE OF THE THIRD WORLD LEADERS IN THE STRUGGLE FOR THE

INTRODUCTION OF A NEW WORLD ECONOMIC ORDER.

22. ON THE OTHER HAND, THE IDEA OF NEW LEADERSHIP
LOOMING UP OVER THE SUB CONTINENT IS MAKING CERTAIN LATIN
AMERICAN COUNTRIES UNEASY.

PERU

23. ALTHOUGH RAPIDLY PUT DOWN, THE DISTURBANCES IN LIMA
EARLY IN FEBRUARY ILLUSTRATE THE DIFFICULTIES OF A REGIME WHOSE
ACHIEVEMENTS HAVE NOT ALWAYS BEEN COMMENSURATE WITH ITS DECLARED
REVOLUTIONARY AMBITIONS. IN SPITE OF SIX YEARS AT THE HELM,
THE LEADERSHIP HAS BEEN UNABLE TO WIN GENUINE POPULAR
SUPPORT.

24. THE WARNING IMPLICIT IN THE DISTURBANCES HAS PROMPTED
THE ARMY TO CLOSE ITS RANKS.

25. WITH THE MORE CAUTIOUS AND MORE MODEST APPROACH IT
NOW ADOPTS AS A RESULT OF ITS INTERNAL DIFFICULTIES AND WITH
A CERTAIN DISILLUSIONMENT APPARENT IN THE ECONOMIC AND
SOCIAL FIELDS, PERU SHOULD STILL BE A WORTHWHILE PARTNER FOR THE
COUNTRIES OF THE ALLIANCE.

ARGENTINA

26. PRESIDENT PERON IS STILL MANAGING,ALTHOUGH NOT WITHOUT
DIFFICULTY,AND WITH THE PRESIGE OF HER HUSBANDS NAME,TO HOLD
TOGETHER THE COUNTRY'S MANY FORCES. THE ARMY SHOWS NO
INCLINATION FOR FRESH ADVENTURES AFTER ITS PAST FAILURES. THE
TRADE UNIONS ARE LACKING IN THE AUTHORITY NEEDED TO WIELD
POWER ON THEIR OWN. THE TRADITIONAL OPPOSITION PARTIES ARE BACKING
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THE PRESENT DEMOCRATIC REGIME IN THE HOPE THAT THEY WILL
EVENTUALLY HAVE THEIR DAY.

27. THE RECENT ELECTIONS AT MISIONES, ALTHOUGH THEY DO
NOT GIVE A TRUE IMAGE OF THE NATIONAL SITUATION,HAVE SHOWN THE
STRENGTH OF THE OFFICIAL "JUSTICIALIST" MOVEMENT, NOTWITH-
STANDING THE SPLIT ON ITS LEFT WING.

28. DESPITE THE FUNDAMENTAL SOUNDNESS OF THE ARGENTINE
ECONOMY, THE PRESENT ECONOMIC SITUATION IS PROVING A SERIOUS
HANDICAP FOR THE GOVERNMENT ALTHOUGH NOT AS DRAMATIC
AS IN OTHER COUNTRIES. THE RESUMPTION OF MEAT EXPORTS TO THE
COMMON MARKET COUNTRIES COULD ASSIST THE ARGENTINE ECONOMY IN
MEETING ITS DEBT OBLIGATIONS.

29. THE MOST WORRYING PROBLEM FOR THE GOVERNMENT IS THE
REVIVAL OF TERRORISM BOTH LEFT AND RIGHT WING; THE ACTIVISM
OF THE FORMER IS A CAUSE OF SERIOUS CONCERN TO THE AUTHORITIES
OF THE SOUTHERNMOST NATIONS. IT SEEMS CLEAR THAT THE
REVOLUTIONARY MOVEMENTS OF THE DIFFERENT COUNTRIES HAVE CHOSEN

ARGENTINA AS THEIR RALLYING POINT. THERE IS EVERY REASON TO BELIEVE THAT, IF ORDERED TO DO SO BY THE GOVERNMENT, THE ARMY WOULD NOT HESITATE TO TAKE A HAND IN THE FIGHT AGAINST THE GUERRILLEROS, AS IT RECENTLY DID AT TUCUMAN.

PART III: RELATIONS WITH THE REST OF THE WORLD

30. THE POLICY OF SEEKING TO DIVERSIFY LATIN AMERICAN RELATIONS WITH THE REST OF THE WORLD HAS CONTINUED BUT THE MORE AMBITIOUS HOPES HAVE NOT BEEN REALIZED, DUE IN PART TO THE LESS FAVOURABLE WORLD ECONOMIC CLIMATE. IN CONSEQUENCE, LATIN AMERICA MAY SEEM TO BE TURNING IN UPON ITSELF, BUT THE NEED TO INTENSIFY ITS INTERNATIONAL EFFORT IS IMPERATIVE DUE TO THE PROBLEMS THAT WILL FLOW FROM ITS POPULATION EXPLOSION.

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C O N F I D E N T I A L SECTION 4 OF 4 USNATO 2503

31. THE EUROPEAN COMMUNITY IS ENDEAVOURING TO IMPROVE ITS ARRANGEMENTSWITH LATIN AMERICAN COUNTRIES BUT ITS ABILITY TO DO SO ISLIMITED. IN CONSEQUENCE, LATIN AMERICANS FEEL SOME DISAPPOINTMENT AT THE SLOW IMPROVMENT OF THEIR RELATIONS WITH WESTERN EUROPE. IN SOME RESPECTS, THE DEVELOPMENT OF THE COMMUNITY HAS CLEARLY RESTRICTED LATIN AMERICAN ACCESS TO EUROPEAN MARKETS. ALTHOUGH LATIN AMERICAN GOVERNMENTS HAVE NOT EXPRESSED OFFICIAL OPINIONS ON THE LOME CONVENTION BETWEEN THE COMMUNITY AND THE ACP COUNTRIES, THIS CONVENTION IS SEEN BY SOME LATIN AMERICANS AS AN EXAMPLE OF THELACK OF COMMUNICATIION AND COOPERATION BETWEEN EUROPE AND LAIN AMERICA. IN DUE COURSE, HOWEVER, LATIN AMERICAN COOUNTRIES MAY REGARD THE PRINCIPLES UNDERLYING LOME CONVENTION AS APPLICABLE IN

THEIR INTERESTS.

32. CERTAIN OF THE LATIN AMERICAN COUNTRIES ARE GAINING IN STATURE WITHIN THE THIRD WORLD DESPITE THE DIFFERENCES OF ALL KINDS THAT SET THEM APART AMONG THE DEVELOPING NATIONS.

33. IT IS TOO EARLY TO SAY HOW THIS NEW FOUND INFLUENCE
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WILL BE WIELDED. AS PRODUCERS OF RAW MATERIALS, THEY MAY FIND IT TECHNICALLY PREFERABLE TO JOIN TOGETHER WITH OTHER COMPARABLE THIRD WORLD COUNTRIES IN ORDER TO SECURE THE BIGGEST POSSIBLE CONCESSIONS FROM THE CONSUMER COUNTRIES. IN THIS RESPECT THEY ARE SHOWING AN INCREASING INTEREST IN THE PRODUCER ASSOCIATIONS (OIL, IRON, BAUXITE, TUNGSTEN, COPPER, SUGAR COFFEE) WHERE THEY PLAY, OR, IN CERTAIN CASES, COULD PLAY A CENTRAL ROLE. FOR THE IMMEDIATE FUTURE, HOWEVER, LATIN AMERICA SEEMS TO HAVE JOINED THE MAINSTREAM OF DEVELOPING COUNTRIES AND HAS NOT MADE UP ITS MIND TO STRIKE OUT AS THE MEDIATOR AND STAND UP TO THE MORE RADICAL OF THEM.

34. MIDWAY BETWEEN THE INDUSTRIALIZED AND THE UNDER-DEVELOPED WORLDS, LATIN AMERICA TODAY APPEARS TO HAVE ENTERED A WAIT AND SEE PERIOD IN WHICH IT IS CONSCIOUS OF THE DISADVANTAGES OF BOTH SYSTEMS. THIS COULD ACCOUNT FOR SOME OF THE FEELING OF FRUSTRATION WHICH IS FAIRLY WIDESPREAD AMONG A NUMBER OF THESE COUNTRIES AND WHICH DOES NOT HELP THEM TO SEE CLEARLY WHERE THEY STAND IN THE CONCERT OF NATIONS.

35. THE REPERCUSSIONS OF THE ARAB ISRAELI CONFLICT HAVE CONTINUED TO MODIFY THE POLICIES OF LATIN AMERICAN COUNTRIES TOWARDS THE COUNTRIES OF THE MIDDLE EAST. DESPITE THE SUBSTANTIAL OIL PRODUCING CAPACITY OF LATIN AMERICA, THE CLOSE LINKS OF VENEZUELA (THE MAJOR OIL PRODUCER OF THE REGION) WITH ITS ARAB PARTNERS IN OPEC AND THE DEPENDENCE OF OTHER LATIN AMERICAN COUNTRIES NOTABLY BRAZIL ON IMPORTS OF ARAB OIL HAVE LED LATIN AMERICAN COUNTRIES TO RE-EVALUATE THEIR RELATIONS. BRAZIL IN PARTICULAR HAS ESTABLISHED STRONG LINKS (DIPLOMATIC, COMMERCIAL AND FINANCIAL) WITH ARAB STATES AND ITS RELATIONS WITH ISRAEL HAVE BECOME LESS SUBSTANTIAL. TO MANY LATIN AMERICAN COUNTRIES ISRAEL NO LONGER ENJOYS ITS PREVIOUS SPECIAL STANDING.

36. THE INTEREST OF JAPAN IN ESTABLISHING A STRONG COMMERCIAL PRESENCE IN LATIN AMERICA (C-M(74)71) IS UNABATED, BUT RECESSION IN JAPAN HAS HINDERED PROGRESS RECENTLY.

37. THE SOVIET UNION AND ITS ALLIES HAVE NOT, IN GENERAL, MADE SIGNIFICANT PROGRESS RECENTLY IN THE EXPANSION OF THEIR POLITICAL AND COMMERCIAL LINKS. IDEOLOGICAL CONSIDERATIONS
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SEEM FOR THE TIME BEING TO BE OF SECONDARY IMPORTANCE TO THE SOVIET UNION. DELIVERIES OF SOVIET ARMS, INCLUDING TANKS, TO PERU HAVE CONTINUED. BRAZIL IS EXPECTED TO ACCEPT, FOR TECHNICAL AND ECONOMIC REASONS, RUSSIAN OFFERS TO SUPPLY EQUIPMENT FOR ITS MAJOR HYDROELECTRIC POWER DEVELOPMENT PROGRAMME. BRAZIL IS EXPECTED TO ENSURE THAT WESTERN COUNTRIES AND WESTERN TECHNOLOGY ALSO SHARE IN THIS PROGRAMME. ARGENTINA HAS RECENTLY HALTED THE RAPID EXPANSION OF ECONOMIC COOPERATION WITH COMMUNIST COUNTRIES REPORTED IN C-M(74)71 BUT MAY CONTINUE TO BUY CERTAIN SOVIET EQUIPMENT.

38. AMONG THE COMMUNIST COUNTRIES, ROMANIA HAS SHOWN KEEN INTEREST IN LATIN AMERICA, ALTHOUGH IT HAS LITTLE OF SUBSTANCE TO OFFER. THE LATIN ELEMENT IN ROMANIA GIVES THAT COUNTRY A PLAUSIBLE REASON FOR SEEKING WARM POLITICAL RELATIONS WITH LATIN AMERICA, IN WHICH COURSE ROMANIA IS ABLE TO DEMONSTRATE ITS RELATIVE INDEPENDENCE WITHIN THE SOVIET BLOC. PRESIDENT CEAUSESCU IS PLANNING A SECOND VISIT TO LATIN AMERICAN COUNTRIES. ROMANIA HAS BEEN A RECEPTION POINT FOR CHILEAN POLITICAL EXILES.

39. CHINA HAS BEEN SEEKING TO DEVELOP RELATIONS WITH VENEZUELA, SO FAR WITH MODEST SUCCESS. OVERALL THE CHINESE INFLUENCE IN LATIN AMERICA HAS NOT BEEN STRENGTHENED MATERIALLY IN THE LAST SIX MONTHS AND LATIN AMERICAN INTEREST IN CHINA IS NOT PRONOUNCED. END TEXT. BRUCE

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